

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PANAMA**

**PILOT PROJECT FOR URBAN REVITALIZATION AND POVERTY  
REDUCTION IN COLÓN**

**(PN-0144)**

**LOAN PROPOSAL**

**INNOVATION LOAN**

This document was prepared by the project team consisting of: Catherine Fox (RE2/SO2), Team Leader; María Eugenia Zavala (RE2/SO2); Alejandro Cruz Fano (RE2/SO2); Josep Gari (RE2/SO2); José Brakarz (SDS/SOC); Miguel Coronado (LEG/OPR); George P. Montalván (ITS/OMS); Martha M. Guerra (RE2/SO2); and Iveta Ganev (COF/CPN).

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## **BASIC SOCIOECONOMIC DATA**

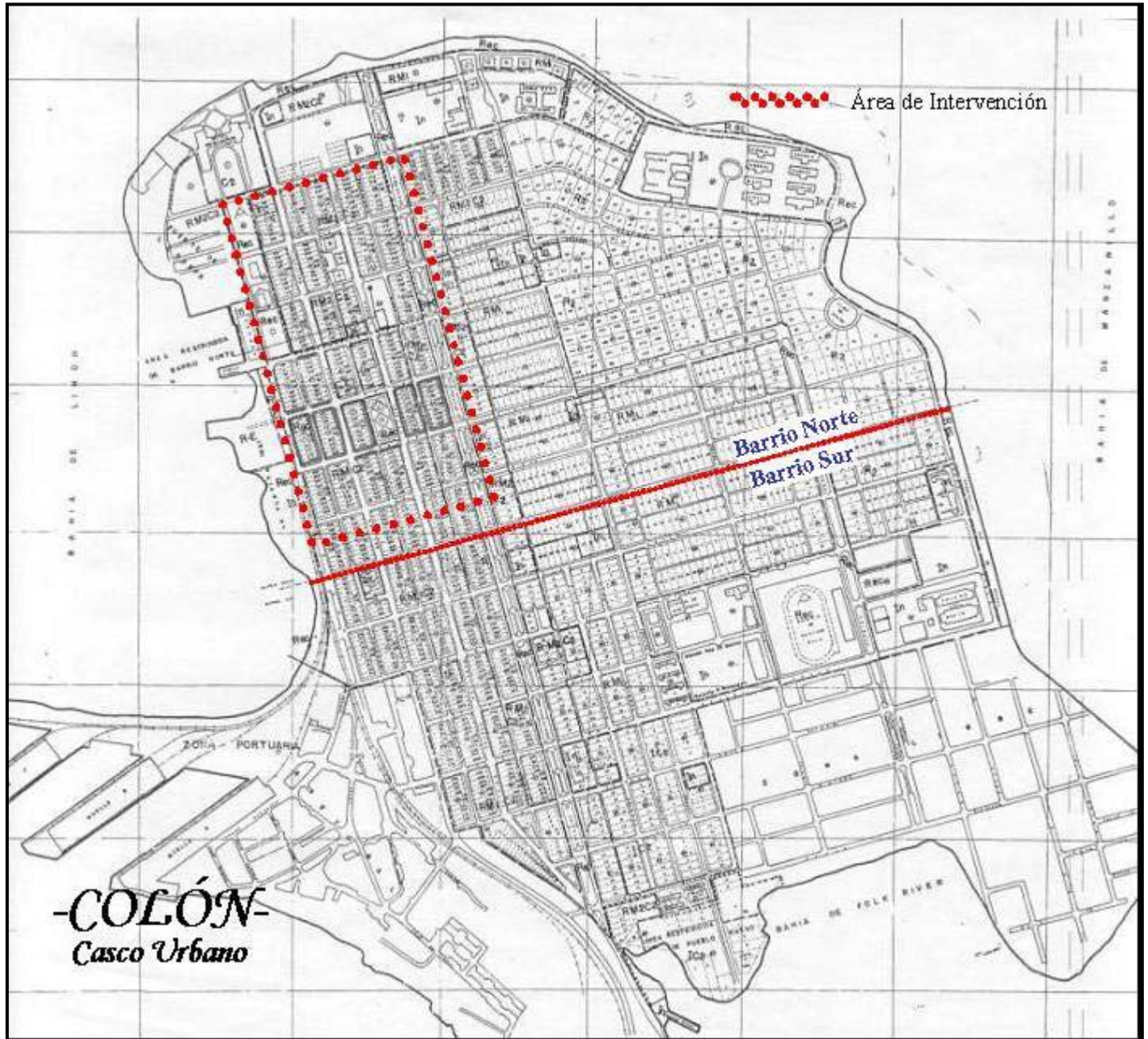
For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

## **ABBREVIATIONS**

AMPYME	Autoridad de la Micro, Pequeña y Mediana Empresa [Agency for Micro, Small and Medium-sized Enterprises]
FIDEC	Fundación Pro Inversión y Desarrollo de Colón [Colón Foundation for Investment and Development]
MEF	Ministry of Economic Affairs and Finance
MITRADEL	Ministry of Labor and Workforce Development
MIVI	Ministry of Housing
NGO	Nongovernmental organization
PTI	Poverty-targeted investment
WTP	Willingness to pay

## MAP OF THE INNER CITY OF COLÓN





# PANAMA

## IDB LOANS

APPROVED AS OF JULY 31, 2003

	US\$Thousand	Percent
<b>TOTAL APPROVED</b>	<b>2,035,564</b>	
DISBURSED	1,583,161	77.77 %
UNDISBURSED BALANCE	452,403	22.22 %
CANCELATIONS	398,470	19.57 %
PRINCIPAL COLLECTED	740,614	36.38 %
<b>APPROVED BY FUND</b>		
ORDINARY CAPITAL	1,710,116	84.01 %
FUND FOR SPECIAL OPERATIONS	280,023	13.75 %
OTHER FUNDS	45,424	2.23 %
<b>OUTSTANDING DEBT BALANCE</b>	<b>842,547</b>	
ORDINARY CAPITAL	771,269	91.54 %
FUND FOR SPECIAL OPERATIONS	71,278	8.45 %
OTHER FUNDS	0	0.00 %
<b>APPROVED BY SECTOR</b>		
AGRICULTURE AND FISHERY	204,589	10.05 %
INDUSTRY, TOURISM, SCIENCE AND TECHNOLOGY	73,995	3.63 %
ENERGY	387,828	19.05 %
TRANSPORTATION AND COMMUNICATIONS	467,732	22.97 %
EDUCATION	126,736	6.22 %
HEALTH AND SANITATION	130,748	6.42 %
ENVIRONMENT	103,380	5.07 %
URBAN DEVELOPMENT	66,885	3.28 %
SOCIAL INVESTMENT AND MICROENTERPRISE	87,528	4.29 %
REFORM AND PUBLIC SECTOR MODERNIZATION	351,824	17.28 %
EXPORT FINANCING	0	0.00 %
PREINVESTMENT AND OTHER	34,319	1.68 %

\* Net of cancellations with monetary adjustments and export financing loan collections.



**Inter-American Development Bank**  
Regional Operations Support Office  
Operational Information Unit

## Panama

### Tentative Lending Program

#### 2003

Project Number	Project Name	IDB US\$ Millions	Status
PN0159	Improvement Road Integration Corridor PPP	37.0	APPROVED
PN0144	Urban Poverty Colon	8.5	
PN0139	Priority Activities Hydrografic Basin Panama Canal	5.0	
PN0143	Multiphase Program of Municipal Development and Strengthening	8.0	
<b>Total - A : 4 Projects</b>		<b>58.5</b>	
PN0141	Program for a Territorial Economic Development (PROTIERRA)	12.5	
*PN0155	Bonyic Hydroelectric Project	10.0	
<b>Total - B : 2 Projects</b>		<b>22.5</b>	
<b>TOTAL 2003 : 6 Projects</b>		<b>81.0</b>	

#### 2004

Project Number	Project Name	IDB US\$ Millions	Status
PN0062	Panama City Sanitation Project	100.0	
<b>Total - A : 1 Projects</b>		<b>100.0</b>	
PN0158	Stabilization of the National System of Innovation	8.0	
PN0157	Justice Program II	20.0	
PN0150	Rural Eletrification	30.0	
PN0152	Coast Zone Sustainable Management	5.0	
<b>Total - B : 4 Projects</b>		<b>63.0</b>	
<b>TOTAL - 2004 : 5 Projects</b>		<b>163.0</b>	
<b>Total Private Sector 2003 - 2004</b>		<b>10.0</b>	
<b>Total Regular Program 2003 - 2004</b>		<b>234.0</b>	

\* Private Sector Project



# PANAMA

## STATUS OF LOANS IN EXECUTION AS OF JULY 31, 2003

(Amount in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROYECTS	AMOUNT APPROVED*	AMOUNT DISBURSED	% DISBURSED
<b><u>REGULAR PROGRAM</u></b>				
Before 1997	2	53,624	40,472	75.47 %
1997 - 1998	10	413,056	203,874	49.36 %
1999 - 2000	3	67,950	23,035	33.90 %
2001 - 2002	8	145,417	4,187	2.88 %
2003	1	37,000	0	0.00 %
<b>TOTAL</b>	<b>24</b>	<b>\$717,047</b>	<b>\$271,568</b>	<b>37.87 %</b>

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\* Net of cancellations. Excludes export financing loans.



**PILOT PROJECT FOR URBAN REVITALIZATION AND POVERTY REDUCTION  
IN COLÓN  
(INNOVATION LOAN)**

**(PN-0144)**

**EXECUTIVE SUMMARY**

<b>Borrower and guarantor:</b>	Republic of Panama	
<b>Executing agency:</b>	Ministry of Economic Affairs and Finance, National Office of Regional Planning, through Fundación Pro-Inversión de Desarrollo Económico de Colón [Colón Foundation for Investment and Development] (FIDEC)	
<b>Amount and source:</b>	IDB: (OC)	US\$8.5 million
	Local:	US\$1.5 million
	Total:	US\$10 million
<b>Financial terms and conditions:</b>	Amortization period:	15 years
	Grace period:	36 months
	Execution:	30 months years
	Disbursement period:	36 months variable
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	U.S. dollar, Single Currency Facility
<b>Objective:</b>	The objective of the project is to begin a process of sustainable urban and socioeconomic revitalization in Colón, by promoting an innovative model for multisector intervention involving a close partnership between the public and private sectors and civil society.	
<b>Description:</b>	The project will have three components: (i) introduction of a dynamic process of urban strategic planning in which the public and private sectors and civil society participate to identify opportunities for development and undertake implementation initiatives, (ii) housing renovation and social support for low-income families, and (iii) promotion and support for productive activities in Colón to enable the beneficiary families to raise their incomes.	

**The Bank's country and sector strategy:**

The Bank's country strategy for 2001-2003 emphasizes four areas, two of which pertain to the project: (i) support for a frontal attack on poverty and for enhancing equity; and (ii) promotion of economic reforms to spur competitiveness and growth. The project supports this strategy through efforts to improve the living standards of low-income families and to identify and foster opportunities for development in Colón City.

**Environmental and social review:**

The project will stimulate improvements in the environmental quality and urban landscape of Colón's inner city, which will participate in the strategic planning component. Under the housing renovation component, the project will have a positive environmental impact through enhancement of the physical, aesthetic and sanitary conditions of buildings that are presently in an advanced state of deterioration. In view of the scale of the intervention, the project will have no significant adverse impact on the environment. The project will improve water and sanitation services and health conditions in the buildings served by the intervention (see paragraphs 4.9 to 4.13).

**Benefits:**

The project will produce benefits at several levels. The quality of housing of approximately 250 families will be directly improved through: (i) refurbishment and upgrading of buildings; (ii) transfer of regularized property to beneficiary families; (iii) social support for beneficiary families; and (iv) assistance to approximately 250 microentrepreneurs, craftsmen and individuals in the area and among the beneficiary families.

Local institutions will be strengthened and a new social model for multisector urban renewal will be introduced. The project will be implemented by entities within the city itself and will thereby strengthen local capacity to carry on similar activities in the future. An innovative model for urban intervention and low-income housing will be tested with the expectation of significantly enhancing the quality of urban life and regularizing ownership of the affected properties. The development of this operating model will be a critical input for the formulation of a national policy on urban revitalization, to include large-scale projects with potential benefit for a larger number of low-income families.

The strategic planning process will ensure complementarity between housing activities and initiatives of the public and private sectors and civil society to develop the City of Colón. The monitoring and evaluation system will demonstrate the progress of these efforts and encourage a change of mind-set to a culture of results.

**Risks:**

The project presents three potential risks: (i) timely acquisition of buildings for refurbishment and upgrading, (ii) agreement from residents of the selected buildings; and (iii) the culture of “entitlement” and passivity.

To mitigate the first risk, it was agreed that the Ministry of Economic Affairs and Finance (MEF) will be responsible for obtaining the buildings and making them available to the project, given its authority and knowledge of assessed valuation and tax liabilities. The fact that these activities rely on negotiation with the owners creates a risk of delay in the project execution schedule. However, given the city’s large number of neglected and potentially eligible buildings, the risk is minimal.

For purposes of obtaining agreement from building residents, the project will focus on information activities, public awareness and social work. These efforts will be facilitated by the fact that the large majority of resident families will receive housing solutions that will significantly enhance their present living conditions.

Over the years, Colón has had a history of paternalistic actions that have created among its residents a culture of “entitlement” and passivity towards their city’s social and economic deterioration. Moreover, other projects have raised expectations without delivering the hoped-for results. As a result, a general feeling of skepticism has taken hold. Against this backdrop, the project design process will rely on individuals and organizations that have previously worked closely with the community and maintain sufficient credibility and trust to achieve success on the planned initiatives. It should be emphasized that the project will avoid past errors that led to failed efforts due to insufficient participation by the beneficiaries. Such participation is a basic condition for success in a community skeptical of perpetually unfulfilled promises.

**Special contractual clauses:**

**Conditions precedent to the first disbursement:** (i) signing of the subsidiary agreement by MEF and FIDEC for the transfer of project resources and implementation of project activities (see paragraph 3.1); (ii) establishment of a fully operational project management office (see paragraph 3.11); and (iii) evidence that the project’s Operating Regulations are in force (see paragraph 3.22).

**Special conditions precedent to the first disbursement of the production support component:** (i) preparation of a training plan for small businessmen, microentrepreneurs, and craftsmen who qualify (see paragraph 3.33); (ii) signature of interagency

coordination agreements with MITRADEL and AMPYME (see paragraph 3.33).

**Special conditions of execution:** (i) authorization for part of the financing to be disbursed (see paragraph 3.8); (ii) completion of midterm and final project evaluations (see paragraph 3.43); and (iii) transfer of rent payments and building sale proceeds to the urban fund (see paragraph 2.11); and (iv) presentation of annual work plans (see paragraph 3.41); (v) annual project reviews (see paragraph 3.42); and (vi) presentation of project baseline data (see paragraph 3.45).

**Poverty-targeting and social sector classification:**

This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI) through its focus on poor urban areas, in accordance with current procedure (see paragraph 4.14).

**Exceptions to Bank policy:**

None (see procurement section, paragraph 3.24).

**Procurement:**

Standard procedures as stipulated in the Bank's procurement policies and procedures will be followed in the procurement of goods and services, the award of contracts for construction works and the hiring of consulting services. International competitive bidding will be mandatory for procurement financed in whole or in part with loan resources and whose value exceeds US\$350,000 equivalent for goods and services; US\$2 million equivalent for construction works; and US\$200,000 equivalent for consulting services. When consulting firms are chosen on a quality and cost basis, the relative weight of the price as an evaluation criterion will not exceed 30%, and the technical or quality portion of the bid will account for at least 70%. The procurement of works, goods and services under FIDEC responsibility for amounts under those stated above will be governed by the rules and procedures in the loan agreement and the Operating Regulations, as a special annex for works, goods and services of lesser value. It is recommended that Cristóbal Savings and Loan Cooperative be hired directly without competition as the collection agent for the residential leases to be signed by FIDEC and the beneficiaries (see paragraph 3.34).

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<b>Evaluation:</b>	To facilitate the gathering of findings and assessment of project performance, the project design establishes the criteria for evaluation during and after the execution period (see paragraphs 3.38 to 3.45).
<b>Coordination with other official development institutions:</b>	Through the National Office of Regional Planning of the Ministry of Economic Affairs and Finance (MEF), the team looked into other programs that might have some bearing on the project. They found no other initiatives that targeted Colón City for urban improvements or any other objectives of this project (see paragraph 1.17).

## I. FRAME OF REFERENCE

### A. Socioeconomic context

- 1.1 According to the Latin American & Caribbean Demographic Centre (CELADE), nearly 60% of the population of Panama will be living in urban areas by 2005. Urbanization has brought increased overcrowding, health concerns and other problems associated with urban poverty. This pattern of urban development has inspired the government to develop a long-term urban policy to meet the physical and social challenges posed by such growth. In an effort to build the policy on measures tried and tested in Panama, the government has been seeking an experimental project in the inner city of Colón, as a way to test solutions and strengthen its institutional capacity prior to undertaking larger-scale programs. To that effect, it has outlined a project that will create a public-private commitment and provide a model for multisector intervention while building appropriate institutional capacity, with the goal of sustainable socioeconomic revitalization in Colón.

#### 1. Population profile

- 1.2 The inner city of Colón (see map) spans approximately 2.9km<sup>2</sup> and consists of two municipal subdivisions or corregimientos, Barrio Norte and Barrio Sur. The two areas combined have a total population of 42,133 and account for 21% of the population of Colón Province, which boasts the country's fourth-largest population growth of 5%. With 72% (142,075 residents) of the population under the age of 36 and an average age of 24, Colón province has the second-youngest population in Panama. The population density of Colón City, at 14,529 persons per km<sup>2</sup>, greatly exceeds the 3,905 persons per km<sup>2</sup> living in Panama City.
- 1.3 In Colón, 40% of households suffer from overcrowding, with as many as nine persons per room in the most serious cases.<sup>1</sup> The worst problems are found in Barrio Norte, where 43% of the households are overcrowded. Of the dwellings in Colón City, 40% have been condemned as uninhabitable due to their physical condition, which



<sup>1</sup> Overcrowding is defined as an average of more than three persons per bedroom.

makes them candidates for demolition.<sup>2</sup> When the focus is limited to the project intervention area only, that figure climbs to nearly 50%.

- 1.4 With regard to the type of ownership or tenancy, 33.4% of households in the project area pay rent, 4.9% hold a mortgage, 7.6% own their dwelling and 47.6%<sup>3</sup> make neither rent nor loan payments. The remaining 6.5% have declared a different type of ownership. Nearly 80% of the renting households in the intervention area pay less than US\$100 per month.
- 1.5 Despite Panama's relatively high GDP of US\$3,080, 37% of the population falls below the poverty line.<sup>4</sup> For the population living in urban areas, that figure amounts to 15%. In Barrio Norte, with an average monthly per capita income of US\$116 (i.e. lower than the inner-city average of US\$189), 17% of the population lives below the poverty line, while that figure comes to only 10% in Barrio Sur.<sup>5</sup>

## 2. Cultural heritage and living conditions

- 1.6 Colón Province has a unique history. From the XVI century onward, it boasted one of the largest seaports on the continent. As a result, it attracted a mix of ethnic groups and cultural values that are mirrored in the city's architecture, such as two- and three-story Spanish- and French-style buildings, some of which have been declared historical treasures. The presence of U.S. military bases in the Canal Zone brought economic improvement as a result of the demand for well-paid goods and services. Since the Canal Zone reverted to Panama—a process that began in the 1970s and concluded in 2000—economic activity in the area has been on a decline that continues to the present day.



<sup>2</sup> It should be noted that in some cases in which owners receive no rent payments from their tenants, a request for building condemnation submitted to the appropriate authorities releases them from the obligation to make tax and utility payments. Occupants do, however, come to agreements with utility companies to receive electricity and water, or they make illegal connections.

<sup>3</sup> Most of the land on which the targeted buildings are located is publicly owned, while most buildings in Colón are privately owned.

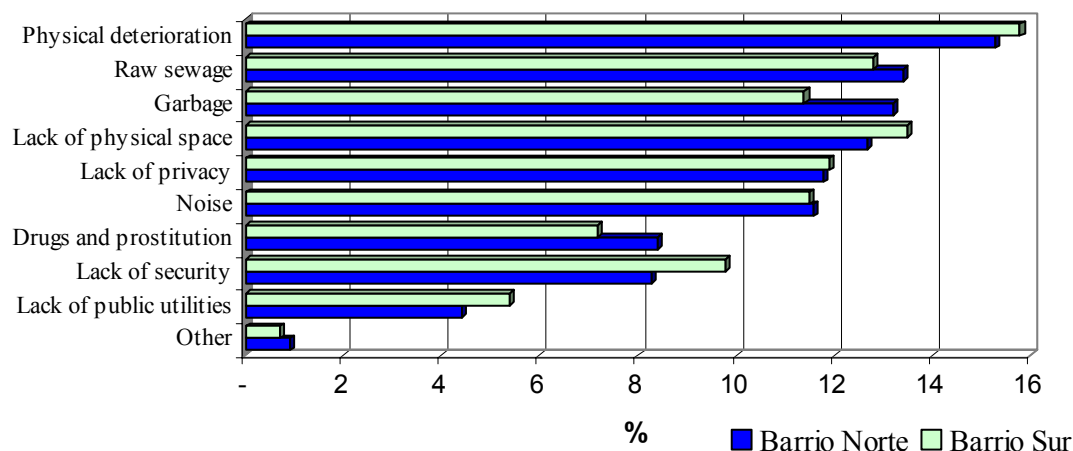
<sup>4</sup> Panama Poverty Assessment: Priorities and Strategies for Poverty Reduction, World Bank 1999.

<sup>5</sup> The poverty line is calculated on the basis of the per capita consumption needed to meet the minimum daily calorie requirements for age and gender of the population of Panama. The poverty line is US\$75 equivalent per capita per month. World Bank 1999.

- 1.7 **Employment.** Owing to its strategic location on the Panama Canal and the commercial and port activities of the Free Zone, Colón has the potential to be a major center for international commerce and tourism. However, 24% of the work force is unemployed and the population lacks the knowledge and skills demanded by high-growth companies. This situation encourages the hiring of workers who live outside Colón. Limited job opportunities aggravate the unemployment problem among the youth of Colón, thereby increasing their vulnerability to social risks. Along with the gradual deterioration of buildings in the inner city and the decline in the residents' living standards, international tourists have virtually abandoned the streets of Colón, thus creating a vicious circle. Tourists do not go into the area for safety reasons and lack of proper services, and residents have no incentive to establish tourist-oriented businesses because they lack customers.
- 1.8 **Urban decay.** According to the national census for 2000, Colón province has 49,715 occupied dwelling units, of which 16.6% exhibit some physical deterioration and 14.7% are completely dilapidated. Most of these deteriorated buildings are located in the inner city of Colón. This situation makes the area physically and socially uninviting (see photos).
- 1.9 The large number of deteriorated buildings, coupled with high rates of overcrowding and unemployment, have a significant impact on the quality of life in Colón. All of these changes have created a social crisis that calls for effective intervention by the government. It is also important to bear in mind that the task of revitalizing Colón must be carried out in concert with the stakeholders who reside within.
- 1.10 **Perception of the problems.** A socioeconomic survey during the project preparation phase led to the conclusion that the main problem for families living in Barrio Norte and Barrio Sur is the physical deterioration of the buildings they inhabit. For families in Barrio Norte, the second and third greatest problems stem from raw sewage, and from filth and accumulation of garbage. Lack of physical space and problems with raw sewage are the second and third most common problems in Barrio Sur. (see Chart I.2).



**Chart I.2: Principal Problems Identified by Colón inner city residents**



Source: Socioeconomic survey for the project.

## B. The country's sector strategy

1.11 Panama's development strategy focuses on poverty reduction and sustainable human development as top priorities. The authorities recognize that this strategy calls for a unique approach to respond to the inherently multisector problems of urban poverty. The activities carried out by the traditional social sectors lack an integrated, geographically focused approach that can more effectively address the many problems faced by poor families.

1.12 **Housing sector:** The Ministry of Housing (MIVI) currently runs several home and building



construction programs.<sup>6</sup> The program beneficiaries have seldom been involved in the implementation period, however, because the programs do not provide social support services for families during the process. Residents of Colón also receive ongoing assistance through other discreet efforts in areas such as housing, social services and job training. But Colón requires an intervention that takes into account the multisector nature of the problems. The circumstances call for a local institutional framework that will involve both government and the private sector in multisector interventions designed and implemented to address the needs of the population. Through its use of an integrated, multisector approach and its focus on a single geographic area, this project complements rather than duplicates such efforts to improve housing quality by introducing to Panama an innovative methodology to address the localized problem of urban decay. MIVI has a seat on the project's administrative board to ensure coordination with its other programs.

- 1.13 **Productive programs.** Panama has resources from several sources to support micro-, small and medium-sized enterprises and for youth job training. The Colón Free Zone Training and Placement Center and the IDB-financed assistance program for the building of a training and employment system (PN-0125) provide resources for job training (see paragraph 1.15). The Autoridad de Micro, Pequeña y Mediana Empresa [Agency for Micro-, Small and Medium-sized Enterprises] (AMPYME), an autonomous agency of the State created in May 2000 to manage and implement programs aimed at strengthening small and medium-sized enterprises (SMEs), encourages businesses to consolidate as a way to generate more jobs and stimulate their growth. AMPYME has mechanisms and resources to identify needs for technical advisory support or specialized training among the businesses it serves. By connecting the labor supply with existing programs, this operation provides technical assistance to link productive-sector demand with the labor supply in Colón and thereby improve the circumstances of micro and small enterprises in the inner city.

## **C. The Bank's sector strategy**

- 1.14 **Linkage with country strategy.** The Bank's country strategy for 2001-2003 emphasizes four areas, two of which pertain to the project: (i) support for a frontal attack on poverty and for enhancing equity; and (ii) promotion of economic reforms to spur competitiveness and growth. The project supports this strategy by improving the living standards of low-income families and by identifying and fostering opportunities for development in Colón City.

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<sup>6</sup> *Programa de Vivienda Subsidiada* [Subsidized Housing Program]; *Programa de Apoyo Rápido para Vivienda de Interés Social* [Rapid Assistance for Low-income Housing] (PARVIS); *Fondo de Ahorro Habitacional* [Housing Savings Fund] (FONDHABI); *Programa de Financiamiento Conjunto* [Joint Financing Program] (PROFINCO); *Programa de Asistencia Habitacional* [Housing Assistance Program]; *Programa de Construcción de Viviendas y Lotes Servidos* [Housing Construction and Serviced Lots Program]; *Programa de Mensura y Legalización* [Surveying and Legalization Program]; *Programa de Mejoramiento Habitacional* [Housing Improvement Program].

- 1.15 **Linkage with other projects.** The project will build on and complement other operations financed by the Bank and measures already undertaken by the citizens of Colón. As an example, families that will benefit from the project's low-income housing component may choose the financial assistance plan offered under the *Programa de Vivienda con Subsidio y Ahorro* [Subsidized Housing and Savings Program] (PROVISA) (PN-0082) if they qualify for a new residential unit. The job activities under this project will complement job training resources provided to businesses and job training and placement offered to the youth of Colón through the assistance project for the building of a training and employment system (PN-0125). The *Compite Panamá* [Panama Competes] program also operates in Colón, where it seeks to stimulate local business and create jobs through private enterprise management. The *Programa Nacional de Administración de la Tierra* [National Land Administration Program] (PRONAT) (PN-0148) complements the property regularization operations of this project; and the municipal strengthening project (PN-0143), which includes the Colón district among the provinces to benefit from interventions in the areas of planning, modernization of services, finance, environmental management and priority local investments, supports the implementation of this project. And lastly, the project's efforts to improve the economic profile of Colón are supported by two operations currently being carried out in Colón by the Bank's Private Sector Department (PRI)—financing for the Colón International Airport (PN-0154) and a program to provide commercial loan guarantees for an industrial park.
- 1.16 Although some of these programs address project-related issues, they are sector-oriented rather than focused on a specific geographic area. This project, however, provides for a multisector intervention that targets a defined area. Although the focus differentiates it from other projects, it is designed to foster coordination among some of the existing programs to target the population of Colón City.

#### **D. Coordination with other official development institutions**

- 1.17 Through the National Office of Regional Planning of the Ministry of Economic Affairs and Finance (MEF), the team looked into other programs that might have some bearing on the project. They found no other initiatives that targeted Colón City for urban improvements or any other objectives of this project.

#### **E. Project summary and strategy**

- 1.18 The principal problems of the Colón district stem from: (i) the gradual increase of urban decay and unemployment in the city, particularly the inner city; and (ii) the fragmented nature of government efforts to provide support to the city and its poor population, and in particular the lack of an intervention model for combining the efforts of public and private entities and civil society into a coordinated effort to revitalize the city.

- 1.19 **Intervention model.** The project's strategy for reversing this process of decline and decay involves focusing all efforts by the public and private sectors and civil society on a specific geographical area where a multisector approach is called for to address the needs of the target population. The project will test a model based on actions concerned with urban development, production, housing, and social support that is focused on a strategic area of the inner city of Colón (see location on map). The project will foster (i) urban recovery and renovation of some buildings supported mainly by the public sector; (ii) social support for families living in the buildings, mainly with the support of civil society; and (iii) productive activities calculated to raise their incomes, mainly through support from the private sector. The activities promoted and financed through the project will be mutually complementary and synergistic in an effort to respond to the needs of the families. The various building intervention methodologies used to offer housing solutions will be analyzed and possibly applied to advance the recovery process in Colón, as well as other cities in Panama or elsewhere.
- 1.20 These activities are expected to generate a private-sector response in the form of increased real estate and other investment in the area, which will spur revitalization and benefit the resident population. At the same time, the operation will advocate a strategic planning process intended to channel and guide the efforts of government and the private sector to harness the city's potential. The project will be executed by a local entity so as to lend continuity to the process of urban renewal and economic development in Colón. If proven effective, the project's intervention model could be adopted in other Panamanian cities. The model offers a new method of operation in the urban context and incorporates a continuous monitoring and evaluation process to manage progress and introduce a culture of results.
- 1.21 Inasmuch as families will return to renovated buildings that offer units of varying size and price, the project fosters the concept of mixed-income communities. Experience has shown that the socialization process in such communities promotes an environment in which poor families learn from those around them, and it prevents the social segregation that makes it difficult to break the cycle of poverty.

## II. THE PROJECT

### A. Objectives and description

- 2.1 The objective of the project is to launch a process of sustainable urban and socioeconomic revitalization in Colón through the promotion of an innovative model for multisector intervention that is closely coordinated between the public and private sectors and civil society.
- 2.2 The project will finance three components: (i) participatory strategic planning, (ii) low-income housing, including the renovation of several buildings for mixed commercial and residential use in the inner city of Colón and social support for beneficiary families, and (iii) support for productive activities for families residing in Colón.
- 2.3 The project is an attempt to test an innovative methodology that could potentially come up with a solution for combating urban problems in Panama. It is innovative in the sense that its interventions targeted to the country's urban centers will preserve the social fabric while spurring urban revitalization. The outcome will determine whether the experience can be replicated on a broader scale in inner cities and other parts of Panama as a national long-term strategy. Some of the indicators are presented in Table II-1.

TABLE II-1: PROJECT IN NUMBERS

- Improved health conditions for families living in the inner city of Colón.
- Strategic plan drawn up, agreed on and adopted one year into the project.
- 8 buildings renovated and at least 200 families directly benefited by renovation by project completion.
- At least 160 families benefited with legal access and current on payments for basic services one year after project completion.
- At least 200 beneficiary families have received social support services during the building renovation process by project completion.
- At least 160 trained youth are certified by MITRADEL by project completion.
- At least 120 businesses that received training have increased their net profit and/or sales one year after participation in the project.
- A craft center outfitted and operational in the inner city of Colón.

### B. Project structure

- 2.4 The project will have three components, which are described below with estimated amounts:

#### 1. Strategic planning (US\$850,000)

- 2.5 This component will finance the preparation and support the implementation of a strategic plan for the City of Colón. The goal is to form a consensus on opportunities for development in the city and to undertake initiatives to carry out the plan. The objective is to create a planning process for setting up a collaborative

framework whereby the public and private sectors and civil society can develop a design for sustainable change in Colón City and generate its economic, social and urban revitalization.

- 2.6 The component will finance technical assistance to help design and implement the strategic plan (US\$350,000) and a marketing and communication plan (US\$100,000). The planning process will begin by involving all of the city's major stakeholders in the plan preparation, through a number of consultation arrangements such as focus groups. The process will include the preparation of current assessments of the city's economic, urban and social conditions. Using these assessments as a basis, specific action plans for developing the city's growth potential will be drawn up and working groups will be created to implement them. Initial priority will be given to: (i) development of the city's potential as a residence for people who work in Colón but live in the capital; (ii) promotion of tourism; (iii) initiation of service activities targeted to the local market; and (iv) attracting economic activity in general. Special attention will be given to marketing and dissemination of the plan and to the development of appropriate mechanisms for participation throughout each phase. As part of this component, financing will be provided for specific actions (US\$50,000) based on urban development guidelines and housing plans—such as a plan for indigent families not served by the housing renovations—will be drawn up. This component will supplement rather than overlap the financing of basic services and procedures already covered by other programs run by the municipality.
- 2.7 Through an urban fund, the component will finance small urban-improvement projects that support the implementation of the plan initiatives, without duplicating the efforts of other programs. This fund will be created initially from the loan resources (US\$350,000) and will subsequently draw on monies recovered through rent payments and the sale of renovated buildings. After recoveries begin, the fund will begin to finance building renovations under the rules applicable to this project.

## **2. Low-income housing (US\$5,841,000)**

- 2.8 This goal of this component is to benefit about 250 low-income families living in approximately 13 privately-owned buildings in central Colón that are in a state of disrepair. The strategy is to obtain and renovate the buildings or encourage renovation by the private sector, convert them into individual mixed-use residential/commercial units, and transfer the renovated and regularized units to families that are able to pay and are not classified as extremely poor or indigent.
- 2.9 The families living in the selected buildings will be offered several solutions, including: (i) relocation to the same building after renovation; (ii) assistance for buying property in the housing market; (iii) incentives to the private sector for renovation of eligible buildings under the project rules; and (iv) assistance to the municipality for relocation of families or individuals who are indigent or ineligible

- for a housing unit financed under the program. Building occupants will receive temporary rent assistance during the renovation. The component will provide for government acquisition of the buildings through the use of up to US\$1,100,000 in local counterpart funds, renovation work in compliance with construction standards for renovation quality, temporary resettlement of families, financial assistance for market solutions (US\$5,241,000) and social support for the beneficiary families (US\$600,000).
- 2.10 Building selection will take into account: (i) the socioeconomic level of the beneficiary families, including income and willingness to pay; (ii) the technical, economic and legal feasibility of the renovation; and (iii) the location and urban impact of the property. Housing solutions will be created at several cost levels with an estimated range of US\$15,000 to US\$25,000, and units will be assigned to families according to their ability to pay. However, the maximum cost of renovation may not exceed US\$20,000 per residential unit and/or US\$400 per m<sup>2</sup> of construction.
- 2.11 The project will provide for a partial recovery of the renovation cost. The beneficiary families will sign five-year leases with an option to buy the renovated units; or alternatively, starting in the first year, they may sign an agreement to purchase the residential unit through mortgage loans from financial institutions in the market. It is recommended that the Cristóbal Savings and Loan Cooperative be hired to manage the portfolio during this period. At the end of the five years, an effort will be made to sell the portfolio to financial institutions in the real estate sector in order to convert the beneficiaries' obligations to mortgage loans. If no financial institutions exhibit interest, the cooperative will continue to manage the portfolio. The amount to be collected from beneficiaries will be the total cost of building, less a standard discount (see paragraph 4.8). Monthly rents and any subsequent mortgage payments will be calculated according to a 30-year amortization schedule at a 4% annual interest rate, equivalent to the current market rate for home financing. Commercial properties will be sold upon completion of the renovation work. *The monies from these payments will be deposited in the urban fund, which will continue to finance similar renovation activities in Colón as a special condition of the project execution.*
- 2.12 The component will also finance **social support services** for all of the families regardless of their housing solution during the preparation period, temporary relocation, final occupancy and organization of the families in their buildings, and continuing for four or more months after they have settled in their new location. The social services will include (i) meetings and publications about the project to disseminate information to beneficiary families and their neighbors regarding the objectives, components, applicable procedures and anticipated impact on families and the City of Colón; (ii) a choice of several methods of assistance available to each family; (iii) support services for the families, including training when appropriate, during the preparation and construction phase, upon their return to the

renovated buildings, and during the follow-up period averaging four months after the move; and (iv) organization of the families, and creation of condominium governing bodies when applicable.

### **3. Support for productive activities (US\$290,000)**

- 2.13 The program will try to create a public-private commitment based on a model of interagency, multisector intervention, to enable several productive-sector stakeholders to play a role in sustainable social and economic revitalization of Colón. This model is expected to create synergies and new experiences in interagency coordination among productive programs in both the public and private sectors that will respond to the need for a development strategy for Colón. The specific objectives of this component are: (i) to leverage the resources of other programs, (ii) to support craft making and small business and microenterprise, (iii) to develop project preparation skills; and (iv) to prepare productive projects and training for 25 professionals from the public and private sectors who are helping to prepare projects for Colón under a “training by doing” arrangement and the feasibility studies for such projects. As part of this component, assistance will be provided through AMPYME for construction of a crafts center.
- 2.14 In regard to leveraging resources, both the Ministry of Labor and Workforce Development (MITRADEL) and AMPYME have funded programs addressing the needs of Colón, and these programs will be incorporated into the project through an interagency cooperation agreement. The agreement will establish the criteria and operating arrangements, including an annual plan for working with the participating stakeholders and technical assistance to be provided by the *Fundación Pro Inversión y Desarrollo de Colón* [Colón Foundation for Investment and Development] (FIDEC) for project preparation. FIDEC will report quarterly to the project board of directors on the physical rate of advance, use of funds and implementation of the cooperation agreements. Each year, the MEF, through FIDEC, will hold a meeting of the agreement participants at the ministerial or vice-ministerial level, to assess progress on the work plan and the performance indicators, according to the provisions set forth for each program.
- 2.15 The programs that were initially selected meet the criteria established in the interagency cooperation agreement (i.e. effective demand, proven methods of implementation and sufficient available resources).
- 2.16 The agreement with MITRADEL focuses on support for job placement for unemployed youth, transition to the working world for the youth of Colón who have no job experience, and increased productivity and skill level for workers in micro-, small and medium-sized enterprises. MITRADEL’s job placement and work transition programs and its *Programa de Impulso a la Capacitación y a la Productividad Laboral en la Micro, Pequeña y Mediana Empresa* [Program to Stimulate Training and Job Productivity in Micro-, Small and Medium-sized



Enterprise” (PROCAMYPE) will be leveraged through the agreement, which is expected to cover some 200 youth and 50 businesses.

- 2.17 The agreement with AMPYME is aimed at the creation and strengthening of businesses in Colón’s micro- and small enterprise sector through stronger entrepreneurial skills and improved business management. The agreement makes it possible to leverage AMPYME’s “entrepreneurial skills,” “business planning” and “business improvement” programs and will provide assistance for an estimated 100 businesses.
- 2.18 The proposed design takes into account the importance of simplifying project execution through linkages with other programs so as to coordinate productive aims without the complication of including a large host of activities in one innovative project. The experience will provide input into the development of a long-term plan and possibly broader intervention in Panama

#### **4. Support for project execution (US\$1,307,000)**

- 2.19 The project provides for support to FIDEC for project management activities through the hiring of consultants and support staff, and financing to hire project monitoring and external auditing services. Support will be provided for the hiring of consultants to manage activities related to general project coordination, strategic planning, low-income housing, productive activities, communications, monitoring, finance and accounting. These professionals will assist FIDEC during the project execution period. An international consultant with experience in Bank-financed programs will be hired for 12 nonconsecutive months to guide the FIDEC team on project startup and execution. Financing for these activities will total US\$1,015,000.
- 2.20 To monitor project operations, consulting services will be hired to design and implement a financial monitoring system that will monitor the management of work plans and budget implementation. This computer system will interface with Panama’s integrated financial management system and the project accounting system, thus ensuring proper oversight of each component.
- 2.21 The outputs and impact of the project as measured against the indicators in the logical framework will be assessed by a specialized firm hired to design the methodology and conduct appropriate surveys and interviews. The loan will finance the implementation of a monitoring and evaluation system that will encompass: (i) design of the system, including identification of baselines and comparison groups, (ii) introduction of periodic measurement instruments (e.g., surveys, comparative studies) for identifying any changes that the project creates in the social and family context of the beneficiaries; (iii) training of users and introduction of the system, and (iv) midterm and final evaluations. The monitoring and evaluation system will generate the midterm and final project evaluations, as well

as impact assessments for each project component, according to a methodology specific to each evaluation. The evaluations entail data-gathering for the baseline and periodic evaluations throughout the project execution period (US\$220,000).

- 2.22 External auditing (US\$72,000) will also be financed under this category (see paragraph 3.37).

### C. Cost and financing

- 2.23 Since this project qualifies as a poverty-targeted investment (PTI), Panama is eligible for a Bank loan of up to 90% of the project cost. Under an agreement with the MEF, the local counterpart will be responsible for 15% of the total cost of the operation. The MEF will include the applicable local counterpart amount in the proposed budget starting with the 2004 budget.

Table II-1  
Cost and financing  
(In thousands of US\$)

Category	IDB	Local	Total	%
Percentage	85%	15%	100%	
<b>1. Component I: Strategic planning</b>	<b>850</b>	<b>5</b>	<b>900</b>	<b>9.0%</b>
1.1 Preparation of strategic plan and specific activities	400	-	400	4.0%
1.2 Marketing and communication plan	100	50	150	1.5%
1.3 Urban intervention fund	350	-	350	3.5%
<b>2. Component II: Low-income housing</b>	<b>5,841</b>	<b>1,100</b>	<b>6,941</b>	<b>69.4%</b>
2.1 Acquisition of buildings		1,100	1,100	11.0%
2.2 Renovation	5,241	-	5,241	52.4%
2.2 Social support services	600	-	600	6.0%
<b>3. Component III: Support for productive activities</b>	<b>290</b>	<b>50</b>	<b>340</b>	<b>3.4%</b>
3.1 Training, technical assistance, and worker program promotion	290	-	290	2.9%
3.2 Craft center: infrastructure/AMPYME	-	50	50	0.5%
<b>4. Support for project execution</b>	<b>1,307</b>	<b>238</b>	<b>1,545</b>	<b>15.4%</b>
4.1 Project management	1,015	238	1,253	12.5%
4.2 Monitoring and evaluation	220	-	220	2.2%
4.3 External auditing	72	-	72	0.7%
<b>Subtotal</b>	<b>8,415</b>	<b>1,438</b>	<b>9,853</b>	<b>98.5%</b>
<b>5. Financial cost</b>	<b>85</b>	<b>62</b>	<b>147</b>	<b>1.5%</b>
5.1 Credit fee		62	62	0.6%
5.2 Inspection and supervision	85		85	0.8%
<b>Total</b>	<b>8,500</b>	<b>1,500</b>	<b>10,000</b>	<b>100.0%</b>
<b>Percentage</b>	<b>85%</b>	<b>15%</b>	<b>100%</b>	

2.24 The following financial conditions apply to the loan:

Amortization period	15 years
Grace period	36 months
Execution period	30 months
Disbursement period	36 months
Interest rate	Variable/LIBOR
Inspection and supervision	1% of loan
Credit fee	0.75% annual on undisbursed balance
Currency	U.S. dollar, Single Currency Facility

### III. PROJECT EXECUTION

#### A. The borrower, guarantor and executing agency

- 3.1 The Republic of Panama will be the borrower and guarantor, and the executing agency will be the MEF's National Office of Regional Planning, through FIDEC. *As a condition precedent to the first loan disbursement, the MEF will demonstrate to the Bank that the subsidiary agreement for the transfer of project resources and execution of project activities has been signed with FIDEC.*
- 3.2 During the preparation phase, the Bank's project team and the MEF counterpart determined that, in view of the nature of the project and the characteristics of the population of Colón, the entity responsible for project execution will be a nonprofit organization that meets the following requirements:
- a. Has legal status and bylaws to enable project execution.
  - b. Has the ability to tailor its structure to execute the project in a relatively short period of time.
  - c. Has experience in implementing social and infrastructure projects in Colón City.
  - d. Has successfully carried out public sector projects in Colón.
  - e. Has a thorough understanding of the culture and values of Colón.
  - f. Is committed to the people of Colón and will continue efforts to revitalize the city.
- 3.3 In an effort to identify entities that might meet these requirements, a list of nongovernmental organizations was obtained from the MEF's Office of Social Policy. Of the 18 private nonprofit organizations identified as operational in Colón, only three had legal capacity to carry out such project activities, and only FIDEC has experience in similar activities under an agreement with the Panama Social Investment Fund. In addition, FIDEC (i) has the backing of the public and private sectors and civil society; (ii) has access to government financing through the Junta Asesora de la Presidencia para Asuntos de Colón [Advisory Board to the Office of the President of Colón Affairs] (JAPAC), an indication that it is officially recognized in government policies and programs; and (iii) given its flexible nature, which may be adapted through institutional experience and resources, may continue supporting local development in Colón upon completion of the pilot project.
- 3.4 The FIDEC analysis of institutional capacity identified the existing weaknesses in order to perform the tasks involved in project execution. At present, FIDEC has a

director, an assistant, and a social worker, and is engaging specialists depending on the needs of projects under way. FIDEC has carried out 37 projects in Colón that imply budgets ranging from US\$1,050 to US\$210,000.

- 3.5 The institutional weaknesses that the project will address are reflected in the project budget. Included are such institutional factors as planning, organizational management of functions, financial administration, and procurement, availability of technical expertise, marketing and communications resources, and design of an information system for ongoing project monitoring and evaluation.
- 3.6 To address these weaknesses, the project execution budget (US\$1,307,000) covers (i) project management by a general coordinator, secretariat, a consultant who will provide guidance on project start up, a lawyer, a controller, an assistant accountant, a procurement officer, a director of marketing and communications, and a coordinator of follow up and monitoring (ii) the strategic planning function by a director of planning; (iii) the social housing functioning under a director, an architect, and a social worker; (iv) the productive actions function through a director and an assistant.
- 3.7 These individuals will reinforce FIDEC's institutional capacity during the project as a result of the new functions that will be performed. They will not need to be kept on after completion of the project because the strategic planning function is expected to be absorbed by the municipality in the near future; a consultant will not be needed to provide guidance on start up of the process; and it may be possible for the technical activities to be performed by fewer staff after research has started and procedures have been established.
- 3.8 In establishing and putting in place the project management function, and in hiring the general coordinator and the directors for each component, *the Bank may authorize disbursement of part of the financing to a maximum of US\$200,000 upon fulfillment of the conditions precedent to disbursement set out in paragraphs (a), (b), (e), and (g) of the general contractual conditions of the loan.*

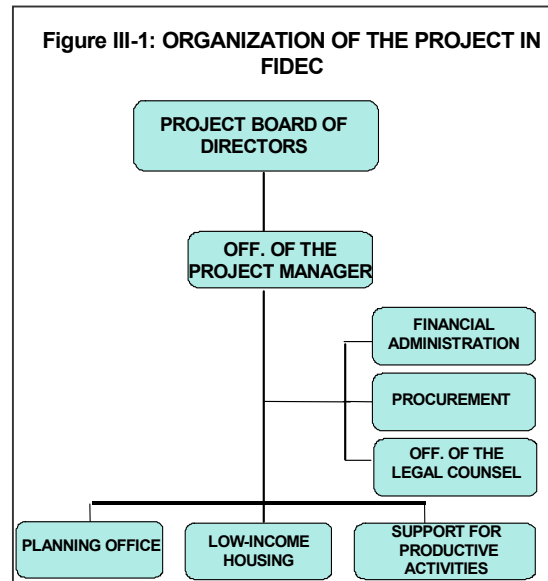
## **B. Plan of execution**

- 3.9 In view of the complexity and relatively short time frame of the project, which requires considerable administrative flexibility, and given the need for a local entity that will continue revitalization efforts in the city, it was agreed with the MEF that FIDEC will be the entity responsible for project execution. FIDEC is a private nonprofit civil association that has operated in Colón since 1999. The project will have a board of directors consisting of at least two members of the FIDEC's present board, representatives from the MEF, MIVI, the Office of the Controller General, AMPYME, civil society and the Free Zone Users Association, the Governor, and the Mayor of Colón. This composition will lend it semipublic status with the ability to function autonomously in project activities such as procurement of goods and

services, supervision of component execution, management of information and monitoring systems, financial administration, and representing the project to public and private institutions (see Figure III-1). Upon completion of the project, the board of directors of FIDEC will decide on how operations will proceed in the future based on the pilot experience.

- 3.10 The project board of directors will approve the project operating plans and monitor progress made in attaining the project goals and targets.

- 3.11 FIDEC will have a project manager, who will be directly responsible for project supervision, including the preparation of the annual work plans, budgets, fund flows, procurement plan, and the progress reports required. He will also be in charge of physical and financial scheduling, execution of project components, oversight and monitoring of project activities,



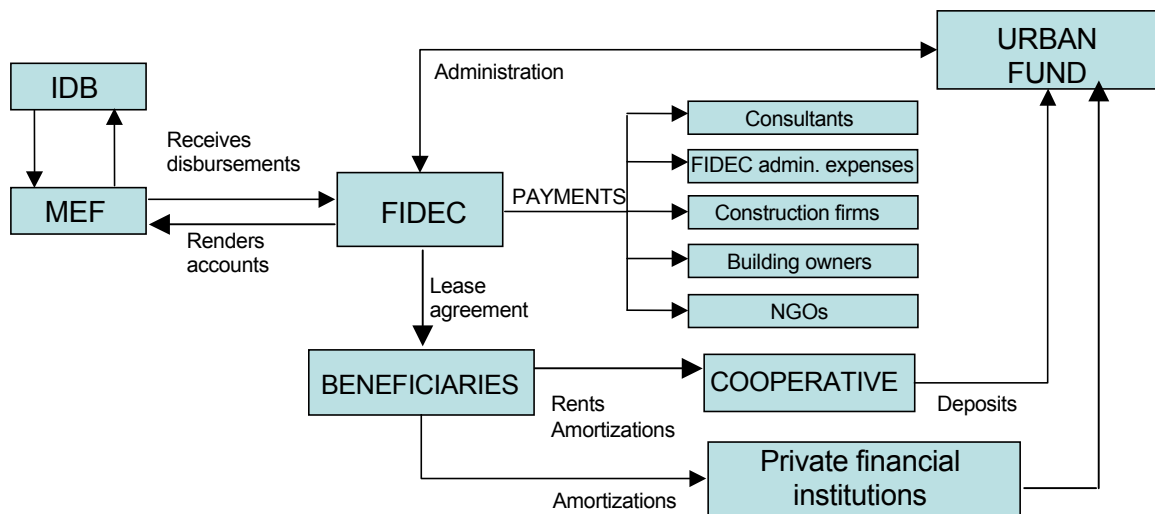
procurement of goods and services, and financial administration. The project manager will also supervise the management of the renovated buildings, for which third parties will be hired to provide proper maintenance. Recurring costs of building maintenance will be paid by the families. The operating expenditures for project management will be financed with the loan resources. *As a condition precedent to the first loan disbursement, the MEF will demonstrate to the Bank that the project management office has been established and is operational and that FIDEC has hired the project manager and component coordinators.*

- 3.12 The project board of directors will meet every three months. The management will handle day-to-day operations, submitting the budget and management reports to the board for approval.
- 3.13 It is also recommended that the MEF and FIDEC hire the Cristóbal Savings and Loan Cooperative to serve as collection agent for the residential lease agreements and to administer the urban fund. The cost of this service will be 3% of the funds administered. Although the collection agent will manage the portfolio beginning in the first year, the beneficiaries—or the private sector—will have the option to seek market financing or to purchase the housing unit or building, respectively. In cases where no market financing is obtained, at the end of five years an effort will be made to sell the portfolio to financial institutions in the real estate sector in order to

convert the beneficiaries' obligations to mortgage loans. If no financial institutions exhibit interest, the cooperative will continue to manage the portfolio.

- 3.14 The cooperative recommended as collection agent is a private nonprofit organization with 6,000 members that has operated in Colón for 55 years. It has experience in financial and accounts management, and its financial statements are examined by external auditors, thus rendering it technically qualified for the proposed role. The cooperative will recover the rents and amortization payments for the residential units built with project financing and will deposit the monies into Colón's urban fund. The monies in that fund will continue to finance project activities after the execution period. The cooperative was chosen on the basis of its institutional strength, proximity to the beneficiary population and prospects for continued operation in the city.
- 3.15 The institutional arrangements for project management provide for direct disbursement to FIDEC of the loan resources and the MEF local counterpart funds through an agreement. FIDEC will keep accounting records and report to the MEF, which will in turn report to the Bank (see Figure III-2).

**Figure III-2: FLOW OF FUNDS**

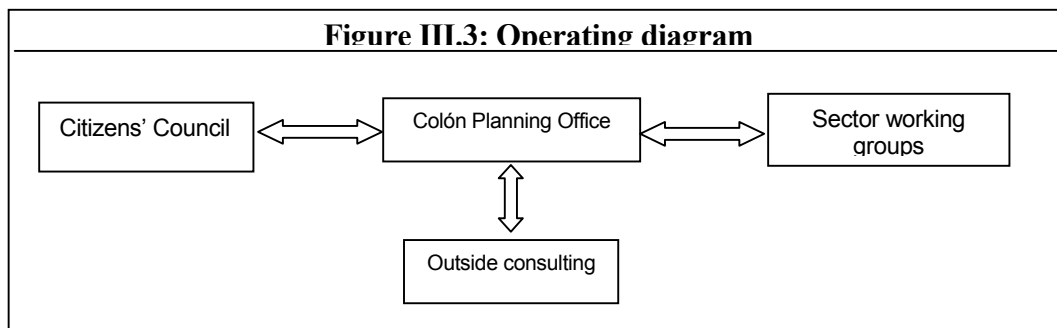


### **C. Execution of components**

- 3.16 FIDEC will be responsible for carrying out the activities planned for each project component through works procurement and the hiring of construction firms, consulting firms, individual consultants, and nongovernmental organizations (NGOs), in accordance with Bank rules and procedures. Details of the execution of each component are discussed below:

## 1. Component 1. Strategic planning

- 3.17 This component encompasses the hiring of consulting services to prepare a strategic plan, the creation of sector groups to manage the development and implementation of specific projects, and the hiring of marketing and social communications services to disseminate procedural information to the public. It also includes the creation of an urban fund to finance small projects that complement private sector initiatives for urban revitalization.
- 3.18 FIDEC will set up a strategic planning office at its facilities. This office will work closely with the Municipality of Colón Planning Department, which will facilitate the future transfer of planning functions to the municipal government at the proper time. The Strategic Planning Office will engage an internationally recognized firm to develop a strategy plan and sector studies based on this plan. The plan of execution will entail the creation of a working group, to be called the Citizens' Council, which will take part in the discussions and approve the final plan. The Council will be composed of representatives from the private and public sectors and civil society, including organizations such as Fundación Smithsonian de Panamá.
- 3.19 This process will result in the formation of sector working groups, to be headed by consultants with expertise in the issues for promotion and composed of members of the community and institutions of Colón (see Figure III.3). The consultants hired for this component will prepare proposals and monitor implementation. The working groups, assisted by the planning office, will monitor project studies and, upon their completion, will negotiate the project implementation agreements to be signed by public- and private-sector representatives. FIDEC will hire the services of a specialized consulting firm to keep the people informed of plan progress and achievements. Support for enhancements to local government management, which includes the preparation of a plan for alternative housing units for the city's indigent population, can begin at the start of project execution, in coordination with the municipal strengthening program (PN-0143).



- 3.20 The projects for financing by the **urban fund** may be submitted by the private sector or the Municipality of Colón and will be financed through agreements



between those entities and FIDEC. Provided that the projects do not duplicate the efforts of other Colón municipal programs, the fund can be used to finance improvements to asphalt roads, sidewalks, pedestrian walkways, parks, squares, and other improvements that foster development and improve urban conditions in Colón. Three years into the project, when the fund has income from (i) the sale of commercial and residential property, and (ii) rent from residential units, building remodeling and renovations will be financed under the rules applicable to the project.

- 3.21 Requests for financing will need to meet the following criteria: (i) the cost of the works will not exceed US\$50,000 each, except in the case of building renovation; (ii) each project will have detailed drawings and approvals from the municipality or applicable entity; (iii) a detailed budget; and (iv) evidence of price quotes from at least three contractors. These requirements are to be met before FIDEC can hand over fund resources. FIDEC will demand and make direct payments to the contractors upon request from the interested parties and the presentation of works progress reports.

## **2. Component 2. Low-income housing**

- 3.22 This component includes building identification and selection, hiring of social support services for the beneficiaries, procurement of civil works for building renovation, and hiring of management services for the renovated buildings to ensure that they are properly maintained. The project Operating Regulations set out the eligibility requirements for buildings and beneficiaries, the project evaluation criteria and the detailed procedure for execution of this component. *As a condition precedent to the first disbursement of the loan, the MEF must demonstrate to the Bank that the project Operating Regulations are in force.*
- 3.23 A group of buildings eligible for the project was identified during the project preparation phase. The MEF and FIDEC, assisted by the Municipality of Colón and the Ministry of Housing, will examine the official land register and the Public Registry to determine the tax situation and legal ownership of these and other eligible buildings. Using this information, the MEF will locate the owners to determine their willingness to negotiate transfer of the property to the project by sale or mutual agreement. The MEF and the Office of the Comptroller of Panama will assess property values to establish the basis for acquisition by the government. If acquisition is determined to be feasible, FIDEC will conduct a survey of the building residents to establish their socioeconomic profile and make an initial assessment of their eligibility as project beneficiaries. FIDEC will also conduct a preliminary assessment of the physical condition of the properties and establish the type of intervention, which will include several sizes of residential units to be outfitted for low-income housing. The project will begin operations when most of the buildings have been acquired and made available for intervention (see sample analysis in Chapter IV).

- 3.24 **Social work** among the residents will begin as soon as buildings have been identified and will continue, on average, for up to four months after the renovated buildings are occupied. FIDEC will hire NGOs and specialized consulting firms to perform these social support activities.
- 3.25 The social workers hired by the executing agency will be the link between the families and the programs—public and private social programs and productive programs—fostered by the project. They will identify and provide training for community leaders and help to organize training in subjects such as: (i) civic coexistence in the renovated buildings; (ii) health care and awareness, food preparation, operation and maintenance of sanitary facilities, solid and liquid waste disposal; and (iii) job training focused on life skills such as punctuality, job interviews, resume preparation, proper work dress, and other topics.
- 3.26 Indigent families who lack the resources to return to the renovated buildings will be provided for by the municipality, which will develop a housing plan targeted to them. The cost of implementing the plan will be drawn up and financed by the municipality. Families choosing not to return to renovated buildings will continue to benefit from social support and the social and productive programs fostered by the project. In this way, the project's social support efforts will help to create a link between the supply and demand for social, productive and housing programs in Colón.
- 3.27 The project will provide sufficient habitable space for families and will solve the problem of overcrowding in the buildings selected for intervention. The intervention area accounts for 43% of the households affected by overcrowding. Estimates indicate, however, that there will be enough units with additional space after buildings are renovated and indigents and eligible families not wishing to participate in the project have vacated the premises.
- 3.28 When FIDEC receives a property acquired by the MEF, it will hire design engineering services for the building renovation work. Based on the estimated cost of the work and the results of the socioeconomic analysis of beneficiaries, FIDEC will prepare a legal, social and technical feasibility report for the project. During the course of the engineering study, the consultants in charge of social work will forge agreements with the building occupants regarding the physical and financial conditions for temporarily vacating the premises. Eligible families will agree to sign a commitment to lease with an option to buy the renovated properties. In exceptional cases, they may seek housing solutions in the market with financial support provided by the project in the form of a subsidy equaling the discount given to families who receive renovated units. The subsidy will be transferred directly to the owner of the market housing option.
- 3.29 The families will have the opportunity to purchase from a variety of properties with differing costs and features. On the basis of preliminary designs, it is estimated that

the per-unit construction cost will range from US\$17,000 to US\$26,000. All families without distinction will be entitled to a discount relating to ownership rights that will be equal to the difference between the average cost of the reforms and the ability of low-income families in the project area to make monthly payments.

- 3.30 For mixed-use residential/commercial buildings, upon completion of the engineering design and approval of the project evaluation report, FIDEC will conduct the bidding process and select consultants to provide oversight before the works begin. During the construction phase, FIDEC will offer to sell commercial space in the renovated buildings, with right of first refusal going to the beneficiaries of the residential units in the building. FIDEC will offer technical assistance to beneficiaries who buy commercial space, to help them manage the transaction. Proceeds from the sale of commercial space will be deposited in the urban fund for reinvestment in infrastructure and for other purposes compatible with the project's objectives.
- 3.31 The Operating Regulations provide detailed eligibility criteria for beneficiaries and buildings to be renovated, maximum cost of works and compensation, financial terms and conditions, project cycling procedures, social support procedures and other criteria.

### **3. Component 3. Support for productive activities**

- 3.32 Under this component, the project will coordinate the supply of national job training and technical assistance programs for microenterprises and other programs in support of productive activities, with the demand by residents of the renovated buildings and residents of the City of Colón. The office of the project manager will be responsible for these activities. FIDEC will hire two professionals—a principal technical advisor and an outreach extension worker—to perform and supervise the activities. These professionals will have expert knowledge on the availability of job programs in the public and private sectors and will arrange for the delivery of these programs to the beneficiary families and to youth, unemployed workers and microentrepreneurs in Colón. The two professionals will perform tasks associated with promotion and dissemination of information on the planned projects. FIDEC will hire a consulting firm to give a training course in project preparation and train 25 professionals from Colón's public and private sectors. The courses will provide practical training in conducting the feasibility studies for the projects. The participants are expected to produce four to six feasibility studies for projects to be promoted by FIDEC.
- 3.33 FIDEC will procure the equipment specified in the feasibility study to set up and outfit a craft center. It will also hire the services of specialists to train microentrepreneurs, small businessmen, and crafts workers and to establish contact with organizations in neighboring countries to schedule training and continuing

education sessions. *As a condition precedent to the first disbursement under the production component, (i) AMPYME must have submitted a training plan for qualifying microentrepreneurs and small businessmen with the terms of reference and the basic profiles for participants; and (ii) the MEF must have entered into interagency coordination agreements with MITRADEL and AMPYME for the designation of priorities and the determination of investments and operating mechanisms for coordination.*

#### **D. Procurement of goods and services**

- 3.34 The procurement of goods and services for the construction works will be carried out as indicated in Table III-1, in compliance with standard Bank procedures. International competitive bidding will be mandatory for procurement financed in whole or in part with loan resources and whose value exceeds US\$350,000 equivalent for goods and services; US\$2,000,000 equivalent for construction works; and US\$200,000 equivalent for consulting services. When consulting firms are chosen on a quality and cost basis, the relative weight of the price as an evaluation criterion must not exceed 30%, and the technical or quality portion of the bid must account for at least 70%. The procurement plan for this operation is shown in Annex II. The procurement of works, goods and services under FIDEC responsibility for amounts under those stated above will be governed by the rules and procedures in the loan agreement and the Operating Regulations, as a special annex for works, goods and services of lesser value. It is recommended that Cristóbal Savings and Loan Cooperative be hired directly without a competition as the collection agent for the residential leases to be signed by FIDEC and the beneficiaries.

**Table III-1: Procurement of goods and services**

<b>Type of bidding</b>	<b>Works</b>	<b>Goods and services</b>
International competitive bidding (ICB) or International open call for proposals	>US\$2,000,000	>US\$350,000
Unrestricted local competitive bidding (LCB)	From US\$250,000 to S\$2,000,000	From US\$100,000 to S\$350,000
Limited local bidding (LLB) or invitation to submit statements of qualifications	<US\$250,000	<US\$100,000
Direct purchase		<US\$2,000

#### **E. Execution period and disbursement schedule**

- 3.35 FIDEC will have 30 months for execution using project resources (see Annex III). The loan disbursement period will be 36 months. See Table III-2 for the disbursement schedule.

**Table III-2: Disbursement table**

(In thousands of dollars)

Source	Year I	Year II	Year III
IDB	2,424	3,741	2,335
Local	512	493	496
Total	2,936	4,233	2,830

#### **F. Financial oversight**

- 3.36 The MEF through FIDEC will be ultimately responsible to the Bank for the project's overall financial administration. FIDEC's responsibilities will include: (i) maintenance of separate specific bank accounts to manage the resources of the Bank and the local counterpart; (ii) submittal of disbursement requests and evidence in support of eligible expenditures; (iii) implementation and maintenance of appropriate systems of contract administration, financial administration and internal control to manage resources from the loan and the local counterpart, in accordance with Bank requirements; (iv) preparation and maintenance of financial reports and consolidated financial statements for the project; and (v) maintenance of an appropriate filing system for documents in support of eligible expenditures, for purposes of verification by the Bank and external auditors.

#### **G. Auditing**

- 3.37 External auditing of the project, including the urban fund, will be conducted by an independent auditing firm acceptable to the Bank, in accordance with Bank policies and procedures (documents AF-100 and AF-300). The auditing firm will be hired in accordance with the Bank's bidding procedures for external auditing firms (document AF-200), based on the guidelines in the terms of reference for external auditing of projects financed by the IDB (document AF-400), which are to be approved in advance by the Bank. External audits, encompassing both financial and operational aspects, will produce financial statements for the project, to be presented each year no later than 120 days after the end of the fiscal year. The cost of auditing will be included in the project cost and will be financed with resources from the Bank loan.

#### **H. Monitoring and evaluation**

- 3.38 To facilitate the gathering of findings and assessment of project performance, the project design establishes the criteria for evaluation during and after the execution period. For the project preparation and to establish the baseline for some of the indicators in the logical framework, a socioeconomic survey statistically representative of the two population segments in the inner city of Colón—Barrio

Norte and Barrio Sur—was designed and used. The survey will be used again during the project execution through random selection of beneficiaries and a comparison group of nonbeneficiaries with similar profiles, in order to track changes in the indicators over time.

- 3.39 Project resources will also be used to finance communications and information activities. These activities will include the organization of events, publications, and the design and implementation of a monitoring and evaluation system that encompasses: (i) design of the system, including identification of baselines and comparison groups; (ii) introduction of periodic measurement instruments (e.g., surveys, comparative studies) that will reveal changes the project has triggered in the social and family environment of the beneficiaries; (iii) user training and installation of the monitoring and evaluation system; and (iv) midterm and final evaluations.
- 3.40 The objectives of the monitoring and evaluation system are: (i) to evaluate the cost-effectiveness of the investment; (ii) to evaluate outputs and outcomes; and (iii) to establish the terms and conditions for expansion and replication of the interventions.
- 3.41 Within 30 days after the end of each six-month period of project execution, the MEF, through FIDEC, will present for the Bank's review the semiannual progress reports on project activities. The report for the end of each project year will also include the annual work plan, the financial statements, and information on procurements for the prior year as well as those planned for the current year.
- 3.42 Within 30 days after the date that the semiannual progress reports for each year of the project are delivered, *the MEF and FIDEC will meet together to analyze and evaluate the progress made on the project and to agree on any steps that may be needed to attain the project objectives.*
- 3.43 With regard to **outside monitoring**, *and as a special condition of project execution, it was agreed that two output evaluations, one midterm and one final, would be conducted* by an outside entity hired to evaluate the project against the output indicators. The results of the first evaluation will be presented to the Bank when 50% of the project resources have been committed, or 18 months after the effective date of the loan agreement, whichever comes first. The principal objective will be to evaluate the status of project execution, verify the extent of achievement of the midterm targets agreed with the Bank under the logical framework, identify problems and introduce corrective measures so that the ultimate project objectives can be met. The final evaluation, based on the same content and methodology as the midterm evaluation, will be conducted at least six months prior to the deadline for disbursement of the loan. Results of this evaluation will be presented to the Bank with the final disbursement request. It is proposed that both evaluations be contracted out according to terms of reference and methodologies agreed with the

Bank, and that they be financed by the project against the loan resources chargeable to operating expenses.

- 3.44 Given the innovative nature of the project, it is further proposed that an ex post evaluation be conducted 15 months after project completion by an outside entity hired through a technical-cooperation facility to be processed separately. The evaluation will aim for a more thorough assessment of the continuity of benefits achieved by the project, in both the target population and the intervention area. Special focus will be given to identifying factors that determine the families' motivations for remaining in their homes (e.g., improved living conditions, health, security), as well as factors that determine sustainability of the initiative (e.g., economic activity, job creation, private investment). To that end, and until project completion, the proposed information system will gather information to conduct the evaluation based on specific indicators to be defined during the design and implementation of the monitoring and evaluation system.
- 3.45 Lastly, to permit evaluation of project results, it was agreed as a special condition that FIDEC would submit, within 15 months after the effective date of the loan, the project baseline data and the methodology to be employed in collecting, processing, filing, and reporting annual data for purposes of comparison with the baseline data.

## IV. FEASIBILITY, RISKS AND BENEFITS

### A. Socioeconomic and financial feasibility

#### 1. Project sample

- 4.1 In an effort to determine the socioeconomic feasibility of the project, data were analyzed from a sample of 13 buildings identified as potentially project-eligible. The criteria analyzed included the residents' socioeconomic status, and the strategic location, structural condition and architectural merit of the buildings. The actual inclusion of these buildings, however, will be subject to their acquisition by the MEF, using local counterpart resources. The actual cost of each building will vary depending on the negotiations, but the data used in the sample calculations have been based on estimates of market value.



**Map IV.1** Potential properties in the intervention area in the Colon inner city

- 4.2 The 13 buildings in the sample house a total of 967 individuals or 285 families, averaging 3.4 persons per family. The per capita income of the residents in these buildings is US\$169 per month.

#### 2. Costs and willingness to pay

- 4.3 The following assumptions were used to calculate the **purchase price** of the buildings: (i) US\$10,000 per unit or apartment (based on a housing market study and allowing for a monthly rent payment of US\$75); and (ii) a discount of 60% off that amount to compensate for the deteriorated condition of the buildings and the



maximum number of occupant families. Accordingly, the average purchase price per unit was estimated at US\$3,500.<sup>7</sup>

- 4.4 The cost of **social support** for each family was calculated on the assumption of a 16-month duration, with one social worker serving a maximum of 15 families. The average cost will be US\$1,650 per family.
- 4.5 The estimated cost of **temporary resettlement** will be US\$800 per family, based on the cost of renting a residential unit on the market for US\$100 for eight months.
- 4.6 The cost of **building renovations** was estimated based on an examination of their physical condition and the market cost per square meter to restore them to suitable condition in light of risks, space, materials, basic services and other considerations. Accordingly, the average per-square-meter cost of renovations was estimated at US\$375, which resulted in an estimated total cost per residential unit that will vary according to size from US\$17,000 to US\$26,000 (see Table IV-1).

**Table IV-1: Project costs (US\$)**

Acquisition	\$3,500
Social support	\$1,650
Temporary resettlement	\$800
Renovation	\$11,000 to \$20,000
<b>Total (Rounded)</b>	<b>\$17,000 to \$26,000</b>

- 4.7 Estimates of the families' **willingness to pay** (WTP) were calculated by way of a socioeconomic survey conducted in the inner city in June 2003. These data clearly indicate a demand for the purchase of low-cost housing among families in the sample, if the monthly payments are compatible with their income.
- 4.8 Lastly, to calculate the **discount** that families will need to obtain a housing solution and determine the cost feasibility in light of family income levels, estimates were calculated for the difference between the total production cost of the buildings and the families' willingness to pay. Willingness to pay varies according to family income and the type and cost of the building.

## **B. Social considerations and environmental impact**

- 4.9 During the final design phase, a series of studies and analyses examined the basic social and environmental considerations of the project, as well as other issues. One study identified the criteria for architecture, engineering, risks and basic services

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<sup>7</sup> The actual purchase price will vary, depending on negotiations between the MEF and the property owners.

that will be used for building selection, and determination of physical intervention requirements. A socioeconomic survey was conducted in the intervention area to determine the economic status, social profile, current housing quality and other circumstances of the beneficiary population and then to use this deeper understanding of their socioeconomic conditions to identify the most appropriate ways to improve their homes and living standards.

- 4.10 The renovation activities will require temporary resettlement for the beneficiary families. Resettlement will be essentially voluntary, inasmuch as the project is targeted to buildings whose residents wish to participate in a voluntary, organized manner. Residents will be resettled preferably in the same neighborhood, in existing houses to be rented for the purpose. The resettlement process will be participatory in nature and will receive continual monitoring by a consultant with experience in social issues. A temporary resettlement plan for beneficiary families will be drawn up prior to the intervention, in accordance with the Bank's resettlement policy (document OP-710). The plan will undertake to: (i) minimize dislocation time, (ii) disrupt job activities as little as possible, (iii) respect families' social, cultural and ethnic environment, and (iv) ensure access to basic social and city services.
- 4.11 The project will stimulate improvements in the environmental quality and urban landscape of Colón's inner city, which will participate in the strategic planning component. Under the housing renovation component, the project will have a positive environmental impact through enhancement of the physical, aesthetic and sanitary conditions of buildings that are presently in an advanced state of deterioration. In view of the scale of the intervention (five to ten buildings), the project will have no significant adverse impact on the environment or the urban landscape. The project will improve water and sanitation services and health conditions in the buildings served by the intervention.
- 4.12 The bidding specifications for selection of the works contractor will address environmental issues including: (i) handling of any toxic materials such as asbestos and dyes used in the earlier construction; (ii) final disposal of construction debris; (iii) physical safety of workers and pedestrians; (iv) minimization of sound and air pollution; and (v) national and municipal regulations and procedures for building interventions. These issues and actions will be addressed in the Operating Regulations and supplemental technical documents.
- 4.13 To minimize the social impact, the project will: (i) select buildings where the majority of families are interested and willing to participate; (ii) provide social support services and promote organization among the families, particularly during temporary resettlement; (iii) serve the social, economic and cultural needs of the beneficiary families in respect for their needs and concerns, thereby enabling them to participate; and (iv) advocate a participatory process, with the support of individuals and civil society organizations that operate in close proximity to the community.

- 4.14 **SEQ/PTI.** This operation qualifies as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI) through its focus on poor urban areas, in accordance with current procedures. The project will finance investments in urban development in a deteriorated area to improve the living conditions of a group of low-income families living in the inner city of Colón. The interventions will have a positive impact on the families' living conditions and enhance their socioeconomic development through support for improved employment circumstances. The borrowing country will be using the additional financing (see paragraph 2.23).

### **C. Benefits**

- 4.15 The project will produce benefits at several levels. The quality of housing of approximately 250 families will be directly improved through: (i) refurbishment and upgrading of buildings; (ii) transfer of regularized property to beneficiary families; (iii) social support for beneficiary families; and (iv) assistance to approximately 250 microentrepreneurs, craftsmen and individuals in the area and among the beneficiary families.
- 4.16 Local institutions will be strengthened and a new social model for multisector urban renewal will be introduced. The project will be implemented by entities within the city itself and will thereby strengthen local capacity to carry on similar activities in the future. An innovative model for urban intervention and low-income housing will be tested with the expectation of significantly enhancing the quality of urban life and regularizing ownership of the affected properties. The development of this operating model will be a critical input for the formulation of a national policy on urban revitalization, to include large-scale projects with potential benefit for low-income families in particular.
- 4.17 The strategic planning process will ensure complementarity between housing activities and initiatives of the public and private sectors and civil society to develop the City of Colón. The monitoring and evaluation system will demonstrate the progress of these efforts and encourage a change of mentality to a culture of results.

### **D. Risks**

- 4.18 The project presents three potential risks: (i) timely acquisition of buildings for refurbishment and upgrading, (ii) agreement from residents of the selected buildings; and (iii) the culture of "entitlement" and passivity.
- 4.19 To mitigate the first risk, it was agreed that the MEF would be responsible for obtaining the buildings and making them available to the project, given its authority and knowledge of assessed valuation and tax liabilities. The fact that these activities

rely on negotiation with the owners creates a risk of delay in the project execution schedule. However, given the city's large number of neglected and potentially eligible buildings, the risk is minimal.

- 4.20 For purposes of obtaining agreement from building residents, the project will concentrated its efforts on information activities, public awareness and social work. These efforts will be facilitated by the fact that the large majority of resident families will receive housing solutions that significantly enhance their present living conditions.
- 4.21 Over the years, Colón has had a history of paternalistic actions that have created among its residents a culture of "entitlement" and passivity towards their city's social and economic deterioration. Moreover, other projects have raised expectations without delivering the hoped-for results. As a result, a general feeling of skepticism has taken hold. Against this backdrop, the project design process will rely on individuals and organizations that have previously worked closely with the community and maintain sufficient credibility and trust to achieve success on the planned initiatives. It should be emphasized that the project will avoid past errors that led to failed efforts due to insufficient participation by the beneficiaries. Such participation is a basic condition for success in a community skeptical of perpetually unfulfilled promises.

**PANAMA**  
**PILOT PROJECT FOR URBAN REVITALIZATION AND POVERTY REDUCTION IN COLON**  
**LOGICAL FRAMEWORK**

Narrative summary	Indicators	Means of verification	Assumptions
<p><b>I. Goal</b></p> <p>To help encourage private investment for the socioeconomic revitalization of the Colón inner city.</p> <p>To help improve the living conditions of the residents of the Colón inner city.</p>	<p>Economic activity in the Colón inner city has increased.</p> <p>Health conditions and overcrowding among families living in the Colón inner city have improved.</p> <p>The unemployment rate in the Colón inner city has dropped.</p>		
<p><b>II. Purpose</b></p> <p>Institutionalized public-private-civil society alliance for Colón revitalization.</p>	<p>(i) At least 70% of returns from rent payments have been reinvested in Colón urban revitalization.</p> <p>(ii) Procurement of goods and services conducted in accordance with Bank procedures takes less time.</p> <p>(iii) Monitoring and evaluation system in place and functioning by month 6.</p> <p>(iv) Amount of private investment promised for the Colón intervention area from the time of public-private-civil society alliance to project completion. (Target to be determined)</p> <p>(v) By project completion, 70% of the operations have been implemented.</p> <p>(vi) One year into the project, 40% of the residents of Barrio Norte indicate they have been informed of the operations carried out through the strategic plan.</p>	<p>Newsletter information system</p> <p>Midterm evaluation performed on the basis of baseline.</p> <p>Midterm evaluation.</p> <p>Newsletter information system</p> <p>Opinion poll</p>	

Narrative summary	Indicators	Means of verification	Assumptions
	(vii) Six months after resettlement in the renovated buildings, 90% of beneficiary families are current on their rent payments and loans. (viii) One year after project completion, 80% of beneficiary families have legal access and are current on their payments for basic services including electricity, water supply and gas.	Monitoring and evaluation system Executing agency low-income housing unit	
	(ix) By project completion, 70% of the youths who received training have found a job. (x) One year after participating in the project, 60% of businesses that received training have increased profits and/or sales. (xi) By project completion, 80% of the cost of operation and maintenance of the craft center is covered by member fees.	Monitoring and evaluation system Executing agency productivity unit	
<b>Components</b> (i) Effective, sustainable mechanism for revitalization has been arranged and adopted. a) Promotion of tripartite cooperation.  b) Dissemination and promotion strategy.	(i) The city's status on key issues has been assessed in the first year of the project. (ii) One year into the project, the tripartite group has been consulted to confirm key issues. (iii) One year into the project, the strategic plan for the city has been drawn up, agreed upon and approved. (iv) During the project, at least 40% of the population has been informed through communication events.	Newsletter information system	The private and public sectors and civil society want tripartite cooperation to help execute the strategic plan and set up the entrepreneurial projects.  The messages are clear, pertinent and closely rooted in actions currently underway.
(ii) Urban renewal operations have been implemented and substantiated. a) The buildings have been renovated and/or built.	(i) By project completion, eight buildings and 7,000 m <sup>2</sup> have been renovated and/or built. (ii) By project completion, 3,500 m <sup>2</sup> of commercial space has been outfitted. (iii) By project completion, at least 200 families have been benefited by renovation and resettlement.	Report on Supervision and Inventory of Works  Report on Supervision and Inventory of Works	Agreement is reached with the owners to acquire the buildings.  There is no significant speculative effect from purchase of the buildings.

Narrative summary	Indicators	Means of verification	Assumptions
b) The beneficiary families have received social support and have been resettled.	(iv) During building renovations, 100% of the families have chosen one of the housing options. (v) 100% of the beneficiaries in temporary settlements have all basic services (electricity, water supply and sanitary facilities) and access to transportation. (vi) During building renovations, 100% of the beneficiaries are counseled on coexistence, good practices, hygiene, accident prevention and disease. (vii) During building renovations, 100% of the beneficiaries are counseled on job programs in Colón.	Monitoring and evaluation system Executing agency low-income housing unit	There are no problems with building ownership. Over 80% of the families want to take part in the project. The beneficiaries are satisfied with the resettlement options offered.
(iii) Initiatives to stimulate production and employment have been carried out and substantiated. a) Youth training b) Technical assistance to businesses c) Creation of a craft center	(i) By project completion, at least 80% of the trained youths are certified by MITRADEL. (ii) By project completion, at least 80% of the SMEs trained are certified by AMPYME. (iii) By project completion, at least 80% of the entrepreneurs trained are certified by AMPYME. (iv) By the end of the project, the crafts center is established and operational. (v) By the end of the project, at least 50% of the member craftsmen have been trained and certified by the Ministry of Trade and Industry.	Monitoring and evaluation system executing agency productivity unit	Businesses in Colón are willing to offer jobs to Colón residents. There is an effective, broad-based mechanism to promote training programs among Colón residents. Craftsmen are highly interested in becoming involved in the craft center.

**PANAMA**  
**PILOT PROJECT FOR URBAN REVITALIZATION AND POVERTY REDUCTION IN COLON**  
**PROCUREMENT PLAN**

	Sources of financing		Procurement Method[1]	Prequalification	Specif
	IDB (%)	Local (%)		Yes/No	Tent
<b>1. GOODS</b>					
- Computer and communications equipment - Strategic plan: Planning office, Municipality of Colón Support for implementation: Purchase of computer and communications equipment Amount (US\$ equivalent) <b>US\$65,000</b>	100% 100%	0% 0%	LCB LCB	NO NO	3 loca 3 loca
- Furniture - Productive: Craft center Support for implementation: Purchase of furniture Amount (US\$ equivalent) <b>US\$55,000</b>	100% 100%	0% 0%	LCB LCB	NO NO	3 loca 3 loca
- Craftmaking equipment - Productive: Tools for [craftsmen] Amount (US\$ equivalent) <b>US\$20,000</b>	100%	0%	LCB	NO	3 loca
- Real property - Low-income housing: Buildings for renovation Amount (US\$ equivalent) <b>US\$1,100,000</b>	0% -	100%		NO	
<b>2. WORKS</b>					
- Construction - Low-income housing: Housing renovation Amount (US\$ equivalent) <b>US\$5,591,000</b>	100%	0%	LCB/ICB	NO	3 loca Deve
<b>3. CONSULTING SERVICES</b>					
- Services of individual consultants - Strategic plan: Preparation of the strategic plan and specific actions Productive: Training, technical assistance and promotion of job programs Support for implementation: Coordinator, administrative staff and specialists from executing agency; Amount (US\$ equivalent) <b>US\$1,565,000</b>	100% 100% 75%	0% 0% 25%	LCB LCB LCB	NO NO NO	
- Services of consulting firms - Strategic plan: Preparation of strategic plan and specific actions: <i>Consulting services&lt;US\$200,000</i> Low-income housing: Social support Productive: Training and technical assistance, project design: <i>Consulting services&lt;US\$200,000</i> Support for implementation: Design and operation of project monitoring and evaluation mechanism Support for implementation: External auditing: <i>Consulting services&lt;US\$200,000</i> Amount (US\$ equivalent) <b>US\$1,279,000</b>	100% 100% 100% 100% 100%	0% 0% 0% 0% 0%	LCB ICB LCB ICB LCB	YES YES YES YES YES	3 loca Deve 3 loca Deve 3 loca

(1) Procurement method

ICB: International competitive bidding

LCB: Local competitive bidding

LB: Limited bidding



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PLAN OF EXECUTION

[illegible]